
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST ANAERGIA INC.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that support for the
2 development of renewable and efficient energy systems in the
3 State, which is geographically isolated from sources of oil,
4 continues to be in the public interest. Anaergia Inc., is a
5 global leader in offering sustainable solutions for the
6 generation of renewable energy and the conversion of waste to
7 resources.

8 Anaergia Inc., through its affiliates or subsidiaries or
9 special purpose entities (hereafter referred to as "Anaergia"),
10 proposes to build, own, and operate:

11 (1) A project located in central Maui that is designed to
12 process up to seven hundred tons per day of municipal
13 solid waste, green waste, and sewage sludge. The
14 features of this project include:

15 (A) A material resource recovery facility to recover
16 recyclable materials such as metal, cardboard,
17 and glass;



1 (B) Anaerobic digestion systems to break down organic
2 materials; and

3 (C) Other processing equipment necessary to convert
4 organics like municipal sludge, food waste, green
5 waste, and other materials to renewable methane
6 rich bio-gas, which is similar to natural gas;
7 and

8 (2) A project to be sited on approximately 1,800 acres of
9 fallow agricultural lands in west Maui, where energy
10 crops, such as low-cost and low-maintenance plants
11 harvested to make biofuels, will be grown. This
12 project will convert harvested energy crops into
13 renewable methane rich bio-gas or renewable
14 electricity through the use of anaerobic digestion
15 systems to be located in west Maui or central Maui.

16 In support of the above projects, the requested issuance
17 amount of the special purpose revenue bonds considered by this
18 Act has been carefully considered and matches similar investment
19 marks for infrastructure projects of this type. In addition to
20 providing funding for the above renewable energy projects,
21 revenue secured from the special purpose revenue bonds will



1 offer Anaergia critical financial flexibility to support various
2 related projects and initiatives and the deployment of internal
3 capital. To continue Anaergia's track record of recruiting
4 investors and effectively allocating investment capital funds,
5 the planned end-goal projects and initiatives for the series of
6 funding under this Act would include:

7 (1) Enhanced source separation initiatives allowing for
8 better recovery of recyclable materials;

9 (2) Out-year optimization allowing for enhanced
10 operational efficiencies, increased recovery of
11 recyclable materials, and improved adaptability to
12 future changes in waste composition and waste
13 generation quantities;

14 (3) More opportunities for mutually beneficial
15 collaboration with local firms, including recyclers,
16 farmers, and transportation companies;

17 (4) Enhanced and innovative revitalization efforts for
18 fallow agricultural lands, including expanded soil
19 erosion mitigation efforts, rehabilitation of depleted
20 and acidified soils, and implementation of sustainable



1 farming practices to include reduced pesticide usage
2 and implementation of organic farming practices;

3 (5) Advanced research and development efforts allowing
4 Anaergia to improve its ability to continually
5 maintain organizational efficiency and current
6 industry standards;

7 (6) A full environmental impact study, which is not a
8 requirement of the central Maui project, but would
9 allow for expanded public/community and governmental
10 input on the proposed municipal waste processing
11 facility;

12 (7) Expanded public education and awareness programs
13 related to solid waste, material reuse, recycling,
14 sustainability, and renewable energy technologies as
15 well as expansion of community investment and
16 philanthropic activities; and

17 (8) Expansion of on-the-job training programs and higher-
18 level education scholarships.

19 The legislature finds that the development of the projects
20 outlined above, as well as the associated projects and



1 initiatives of Anaergia and its partners, would benefit the
2 State in several ways, including:

- 3 (1) Reduction of up to two hundred thousand tons of
4 greenhouse gas emissions per year;
- 5 (2) Reduction of up to eighty-five per cent of materials
6 deposited into the central Maui landfill and an
7 increase in the recovery of recyclable materials of
8 over ten times at the central Maui landfill;
- 9 (3) Reduction or stabilization of county landfill disposal
10 and operational costs over the long run;
- 11 (4) Alleviation of treated water disposal issues,
12 including the substantial reduction or elimination of
13 injection well use in west Maui through the use of
14 recycled water to irrigate energy crops;
- 15 (5) Creation of approximately sixty permanent local
16 technical and semi-technical jobs at both facilities
17 and approximately two hundred additional construction
18 jobs during the building phase;
- 19 (6) Production of renewable energy and renewable fuels
20 from both facilities for use in local communities,



1 which will help reduce the State's reliance on
2 imported fossil fuels;

3 (7) Assistance in meeting the State's renewable energy
4 goals by providing over ten megawatts of firm
5 renewable power; and

6 (8) Containment of dust clouds and reduction of soil
7 erosion from fallow agricultural lands on west Maui
8 farm lands.

9 Through the utilization of special purpose revenue bonds as the
10 means of funding, Anaergia may provide the benefits outlined
11 above without investment or operational financial risk to the
12 State or counties.

13 Accordingly, the legislature finds that the issuance of
14 special purpose revenue bonds under this Act for Anaergia is in
15 the public interest and for the public health, safety, and
16 general welfare of the State.

17 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
18 Statutes, the department of budget and finance, with the
19 approval of the governor, is authorized to issue special purpose
20 revenue bonds in a total amount not to exceed \$ in one
21 or more series, for the purpose of assisting Anaergia with the



1 establishment and funding of energy production, waste recovery,
2 and related facilities and projects on the island of Maui. The
3 outputs of these facilities shall be made available by sale
4 directly from Anaergia to viable off-takers, by sale to electric
5 utilities servicing the public, or both.

6 The legislature hereby finds and determines that Anaergia's
7 planning, design, and construction of a material recovery
8 facility, an anaerobic digester, and a facility to convert
9 energy crops into renewable gas or renewable electricity
10 constitutes a project as defined in part V, chapter 39A, Hawaii
11 Revised Statutes, and the financing thereof is assistance to an
12 industrial enterprise.

13 SECTION 3. The special purpose revenue bonds and the
14 refunding special purpose revenue bonds issued under this Act
15 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
16 Statutes, relating to the power to issue special purpose revenue
17 bonds to assist an industrial enterprises.

18 SECTION 4. The department of budget and finance is
19 authorized, from time to time, including times subsequent to
20 June 30, 2020, to issue special purpose revenue bonds in
21 whatever principal amounts the department shall determine to be



1 necessary to refund the special purpose revenue bonds authorized
2 in section 2 and to refund special purpose revenue bonds
3 authorized in this section, regardless of whether the
4 outstanding special purpose revenue bonds or refunding special
5 purpose revenue bonds have matured or are the subject of
6 redemption or whether the refunding special purpose revenue
7 bonds shall be bonds for the multi-project programs described in
8 section 2. In making this determination, the department shall
9 comply with federal law relating to the exemption from federal
10 income taxation of the interest on bonds of the nature
11 authorized by this section.

12 SECTION 5. The authorization to issue special purpose
13 revenue bonds under this Act shall lapse on June 30, 2020.

14 SECTION 6. This Act shall take effect on July 1, 2015.



Report Title:

Special Purpose Revenue Bonds; Renewable Energy; Anaergia Inc.

Description:

Authorizes the issuance of special purpose revenue bonds to assist Anaergia Inc., with the development of facilities for renewable non-fossil fuel production on Maui. (SD1)

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